






# The Impact of the US-China Trade War on Strengthening the Economic and Political Cooperation Model Between Tehran and Beijing

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## **Abstract**

This dissertation investigates the impact of the US-China trade war on regional and international cooperation patterns, with a specific focus on Iran-China relations. The ongoing rivalry between the United States and China, the world's two largest economies, extends beyond trade and into geopolitical and diplomatic realms, reshaping alliances and economic strategies across the globe. Among the countries influenced by this global shift, Iran presents a compelling case study due to its ongoing economic isolation from the West, largely driven by US sanctions. This research seeks to explore how the US-China trade war has created opportunities for Iran and China to deepen their bilateral ties and develop alternative cooperation models at both regional and international levels.

The importance of this study lies in its ability to shed light on how economic conflicts between superpowers can inadvertently generate strategic opportunities for other states. By analysing the political and economic dynamics between Iran and China in the aftermath of the trade war, this research contributes to a broader understanding of shifting global power structures. The study is guided by the central research question: How has the US-China trade war created opportunities for Iran and China to strengthen regional and international relations and establish new cooperation models? Employing the Hegemonic Stability Theory, it argues that the potential decline in US dominance will catalyse the emergence of new geopolitical alignments, especially in regions where American influence has weakened.

The findings reveal that the trade war has indeed acted as a catalyst for strengthened Iran-China relations. Both nations have strategically capitalised on reduced Western engagement to pursue mutual interests, enhance economic cooperation, and position themselves as key actors in a multipolar world. The study concludes that this evolving partnership exemplifies how geopolitical tensions can lead to new patterns of global cooperation, challenging established power hierarchies.

**Keywords:** Trade war, Hegemonic stability, United States, China, Islamic Republic of Iran.

## Introduction

In recent decades, the evolution of global economic, political, and trade dynamics has profoundly impacted the configuration of international relations and the distribution of power. Among the most consequential developments is the ongoing U.S.-China trade war, which initially erupted in 2018 and re-escalated in 2025. While primarily a bilateral conflict, its repercussions have extended well beyond the two powers, disrupting global supply chains, intensifying systemic economic uncertainty, and prompting states to reconsider their alignment with U.S.-dominated financial and commercial frameworks—particularly those anchored in the U.S. dollar. The United States has long sustained a hegemonic position in the global order, drawing upon its military superiority, the centrality of the dollar in international finance, and its dominance in technological innovation and global institutions. However, the protracted nature of the trade war with China has exposed vulnerabilities in this hegemonic structure. As the conflict undermines confidence in existing economic norms, alternative models of cooperation are emerging, especially among states marginalized by U.S. policy. Simultaneously, China—positioning itself as an alternative pole of economic power—has accelerated its outreach across the Global South, including in Central Asia, West Asia, and Africa, to counterbalance U.S. influence and construct a multipolar order.

In this shifting landscape, the Iran-China relationship has gained renewed strategic importance. Iran, subject to extensive U.S.-led sanctions and diplomatic isolation, has increasingly turned to China as a critical partner in sustaining its economic resilience and asserting geopolitical agency. While bilateral cooperation between Tehran and Beijing dates back to the 1990s and initially centred on military exchanges, it has since expanded to encompass energy, trade, infrastructure, and technology. These dimensions have taken on heightened significance within the context of the U.S.-China trade war, offering Iran both economic alternatives and strategic leverage. Against this backdrop, the central research question of this study is: How has the U.S.-China trade war created opportunities for Iran and China to enhance their regional and international cooperation and establish new models of strategic partnership? The working hypothesis is that the trade war has contributed to the relative strengthening of China's global economic and political position and has simultaneously provided Iran with a viable alternative to

Western-oriented alliances, reinforcing Tehran's alignment with Beijing in pursuit of shared strategic objectives.

The analysis is grounded in Hegemonic Stability Theory (HST), which posits that a stable international order is most likely under the leadership of a dominant state capable of enforcing rules and norms. This theoretical lens is useful for analyzing the implications of hegemonic decline and the emergence of alternative power centers. As U.S. dominance is challenged, particularly through economic rivalries with China, HST facilitates understanding of how states such as Iran respond by reconfiguring their foreign policy priorities and aligning with ascending powers. This study adopts a qualitative methodology, drawing on documentary and library-based research. Through content analysis of official agreements, policy documents, and academic sources, it explores the evolution of Iran-China cooperation within the broader context of hegemonic transition and geopolitical contestation.

A substantial body of literature addresses various aspects of Iran-China relations, the Belt and Road Initiative (BRI), and U.S. global strategy. However, few studies consider the influence of *third-party conflicts*—specifically the U.S.-China trade war—on the recalibration of Iran-China ties. This review synthesizes key contributions while highlighting the unique focus of the present study.

۱. **Abbasi Khoshkar (2019)**, in *"The U.S.-China Trade War and Its Impact on Iran's Sanctions: Possible Scenarios"*, examines how China's ongoing purchase of Iranian oil and collaboration with the European Union to preserve the Joint Comprehensive Plan of Action (JCPOA) may mitigate the impact of U.S. sanctions. Khoshkar underscores the potential of oil diplomacy in helping Iran circumvent economic isolation and contribute to shifting dynamics within the trade war.
۲. **Bozdağhoğlu (2013)**, in *"Hegemonic (In)Stability Theory and U.S. Foreign Policy: The Legacy of Neoconservatives in the Middle East"*, critically applies HST to the Middle Eastern context, arguing that U.S. dominance does not inherently yield stability. Rather, the exclusion or marginalization of regional powers often exacerbates instability. His analysis supports the view that alternative power configurations—such as those involving Iran and China—may emerge in response to hegemonic decline.
۳. **Khojavi et al. (2022)**, in *"Iran-China Convergence in the Context of the Belt and Road Initiative Based on*

*Interdependence Theory*", analyze the evolving economic and political convergence between Tehran and Beijing. They note that China's economy-centered foreign policy and Iran's security-driven strategic orientation produce a complex, asymmetric interdependence. The study highlights how the intensifying U.S.-China rivalry presents an opportunity for Iran to gain from BRI-related investments and infrastructure projects.

۴. **Belal (2020)**, in *"China-Iran Relations: Perspectives and Complexities"*, provides a comprehensive assessment of the bilateral relationship, situating it within the broader context of shifting geopolitical alignments. He emphasizes how U.S. sanctions have accelerated Iranian interest in deepening ties with China, culminating in the landmark 25-year strategic cooperation agreement. Belal argues that this partnership may have lasting implications for the security architecture of the Persian Gulf.
۵. **Ghorbani, Pakdel Majd, and Alioour (2021)**, in *"China's Military Diplomacy and Iran"*, explore the evolution of military cooperation between the two states. Although China historically constrained its engagement with Iran to avoid jeopardizing relations with the U.S., the study notes a shift under President Xi Jinping toward a more assertive strategy. Beijing has increasingly prioritized strengthening strategic partnerships with Iran, viewing such ties as a means of countering Western influence and reinforcing China's presence in West Asia.

A comparative reading of these studies reveals a clear research gap. While existing literature addresses Iran-China relations within broader discussions of sanctions, regional security, or the BRI, few scholars have examined the specific role of third-party geopolitical conflicts—such as the U.S.-China trade war—in accelerating bilateral cooperation. This article seeks to fill that gap by analyzing the trade war as a geopolitical catalyst that has redefined the contours of Iran-China relations and challenged the coherence of U.S. hegemonic strategy in the broader Middle East and Asia.

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### **Stability Theory**

In the second half of the 20th century, the term "Hegemonic Stability Theory" was introduced by political science scholars such as Stephen Krasner, Robert Gilpin, and Charles Kindleberger to explain the mechanisms of the new global economic order that emerged after World War II. The central assumption of this theory is that the

existence of hegemony is essential for establishing a liberal and stable global economic order. This is illustrated with examples of British hegemony in the 18th and 19th centuries, as well as US hegemony in the post-war years of the second half of the 20th century (Schubert, 2003, p. 2). The theory of stability, especially advanced by Charles Kindleberger and Robert Keohane, argues that for the stability and order of the international system, the presence of a hegemonic power is crucial. According to this theory, when a hegemonic country (usually the dominant global power) acts effectively, it can maintain global economic, political, and social order and manage crises. Conversely, when this hegemony weakens or fails, the global order naturally becomes unstable, and other countries seek to alter or create a new order. The US-China trade war and the changes in US hegemony can profoundly impact international relations, particularly between Iran and China (Emerald, 2018).

Based on the evolution of the Hegemonic Stability Theory, it can be argued that the realization and continuation of hegemony depend on three essential conditions: 1) the necessary condition: material capability, 2) the sufficient condition: the will and decision of the hegemon to lead, and 3) the condition of continuity: based on an ideology that legitimizes the hegemon. Only under such conditions does hegemony emerge and continue. In general, according to the theory of hegemonic stability, a state seeking to become a hegemonic power needs material capabilities (one of the most important of which is control over energy resources), the will and decision to become a hegemon, and an ideology that legitimizes its authority to gain the submission of other actors. The United States, which had the potential to become a hegemonic power, formed the will and decision for hegemony among its political elites between the two world wars. By consolidating its position as a hegemonic power, the US maintained its hegemonic status over several decades through forming alliances and promoting its values in pursuit of American interests (Cox, 1974, p. 38).

Thus, the Hegemonic Stability Theory is particularly useful in international relations analysis, especially for explaining patterns of cooperation and changes in global structures. Charles Kindleberger elaborates in his book that hegemony means a country dominating others in the economic, political, and military spheres. Kindleberger argues that when a country is capable of exercising hegemonic power, the global order is stabilized, and other countries are subservient to that power (Kindleberger, 1973). On the other hand, Robert Keohane

believes that when hegemony weakens, states try to construct a new power structure in which emerging powers, such as China, can achieve a higher position (Keohane, 1984). According to the Hegemonic Stability Theory, when a country's hegemony weakens, other powers try to improve their positions. In this framework, China is seen as a rising power that seeks to create a new global order. The US-China trade war has provided China with an opportunity to strengthen its position in the global economy and emerge as a potential hegemon in various economic, commercial, and even political sectors. Iran, as a key player in the Middle East, faces intense economic and political pressures from the United States. As a result, Iran is seeking to strengthen its relations with China as a strategic and economic partner. In this context, the Hegemonic Stability Theory can explain how the trade war and the weakening of US hegemony have led Iran to strengthen its ties with China and other countries that seek to bypass US dominance. In simple terms, and according to the Cambridge Dictionary, a trade war refers to a situation in which two or more countries impose tariffs or other trade restrictions on each other to protect their economies (Cambridge University, n.d.).

Evidence shows that undoubtedly, the United States has been the dominant power in the world since World War II. Since then, it has created an international liberal order that reflects its own principles and interests, maintaining it by providing public goods such as international stability and the global currency (i.e., providing the dollar as the primary reserve currency in the international economic system). As the most powerful country, the United States allowed secondary states to "free ride" and took action to uphold the fundamental rules governing intergovernmental relations with the will to do so (Keohane and Nye, 1977, p. 44). According to Layne, US dominance is a necessary condition for managing and stabilizing the liberal international order, and the United States exercised global leadership "by acting as the provider of security and geopolitical stabilizer." By maintaining an open and liberal international economy, and promoting global cooperation through supporting and revising the liberal order after 1945, the US was able to maintain its dominance (Layne, 2018, p. 105), and in its hegemonic position, played a supportive role by creating dependency among other countries, especially developing nations, in the international system. In fact, US protectionism, as a hegemonic power, consists of two main dimensions:

- **Forming Unions and Alliances:** The United States strengthens its position as a hegemonic power by establishing military,

economic, and political alliances with various countries. These alliances allow the US to increase its influence and presence on the global stage.

- **Promoting American Values and Interests:** The US pursues its hegemonic goals by promoting its values and interests, including democracy, human rights, market economies, and other American values, which help stabilize the hegemonic system.

Overall, US protectionism, based on hegemonic stability theory, contributes to strengthening and consolidating the US hegemonic system, thus ensuring the stability of the global system. Therefore, if the hegemony of this country is challenged, a substitute power will play the role of the dominant hegemon in the international arena.

Thus, US hegemony, which has lasted for nearly seven decades, has recently been challenged by the rise of China. Since the start of economic reforms in December 1978, China has achieved significant economic development. Since initiating economic reforms in 1978, China has maintained an average annual GDP growth rate of over 9%, significantly outperforming the US (World Bank Group). In 2023, China's GDP grew by 5.2%. The United States and China have developed a significant trade relationship, with total goods trade amounting to approximately \$582.4 billion in 2024. U.S. goods exports to China were \$143.5 billion, while imports from China totalled \$438.9 billion, resulting in a trade deficit of \$295.4 billion. In the services sector, the U.S. maintained a surplus, exporting \$46.7 billion in services to China in 2023 (Office of the United States, 2024)

The ongoing U.S.-China trade tensions have led to significant shifts in trade dynamics. China's share of U.S. imports decreased from 21% in 2018 to 13% in 2023, with total imports from China amounting to \$439 billion. This decline reflects the impact of tariffs and the broader decoupling of the two economies. Despite these challenges, China remains a crucial trading partner for the U.S., underscoring the complexity and interdependence of their economic relationship (Payne, 2025)



leadership and loses legitimacy in enforcing global economic rules. The imposition of tariffs and withdrawal from key trade agreements have weakened its ability to provide global public goods, while China's growing economic influence, through initiatives like the Belt and Road and institutional alternatives such as the *Asian Infrastructure Investment Bank (AIIB)*, signals a potential hegemonic shift and reshape of the global economic governance. With China surpassing the U.S. as the top trading partner for much of the world and advancing in strategic sectors, the global system appears to be moving toward either a hegemonic transition or a multipolar order. These developments highlight a potential shift in global power dynamics. China has also become the largest trading partner for over 120 countries, with much of the world. It is leveraging all the opportunities promote it norms and policies and reduce its reliance on Western led policies and institutions to position itself either as a new hegemon or the cornerstone of an emerging multipolar global order. Iran sits at a pivotal intersection within China's grand geopolitical strategy, particularly as part of the challenge to U.S. hegemony. Iran plays a significant *geostrategic* and *geoeconomic* role that complements China's global ambitions. It can be seen as a balance state one that helps support an alternative pole of power against the hegemon as

۲. روابط چین و ایران: فرصت‌ها و چالش‌ها

The roots of the relationship between China and Iran date back to ancient times, and political leaders and commentators in both countries often refer to the phrase "twenty centuries of friendship and cooperation" to describe their ties. Beyond this longstanding and deep relationship, there are two key shared sentiments between China and Iran: a sense of cultural grandeur due to inheriting great ancient civilizations, and a shared feeling of having been victimized by Western powers. In the 19th century, while Iran was divided into "spheres of influence" between Russia and Britain, China suffered painful military defeats imposed by Western powers. As a result, both China and Iran became semi-colonial countries in the early 20th century. These shared experiences, along with the presence of a common enemy and numerous economic and political interests, have facilitated the closer relationship between China and Iran in recent years (Tofik, 2023, p. 8).

On the other hand, one must consider Iran's foreign policy particularly in West Asia is driven by a few factors including its strategic

loneliness. Historically Iran lacked reliable states allies and meaningful alliances which shaped Iran's geopolitical strategy which combines military planning with geographical imperatives. (Reisinezhad, A. (2020). Also, the territorial vulnerability and military encirclement, and historical invasions prompted Iran to cultivate relationships with militant and political proxies such as China.

The Middle East holds vital economic and geopolitical significance for China. One example of this importance is found in the fact that in 2017, China became the world's largest importer of crude oil, and by 2020, 47% of its crude oil imports came from this region. The largest supplier of crude oil to China in this region is Saudi Arabia (Aluf, 2022). Crude oil is one of the primary tools for strengthening China's economy, which is the backbone of China's power. Iran is the only country in the Gulf and the only major Middle Eastern nation in conflict with the United States. While Syria certainly antagonizes the U.S., given the U.S. military presence, this war-torn country is not entirely free from American hegemony. All other countries in the region are either allies of the U.S. or maintain close security cooperation with it (Teer & Wang, 2018, p. 169). Many studies confirm that energy supply and the economic aspect are key factors explaining China's interest in Iran, as Iran holds the world's second-largest natural gas reserves and the fourth-largest oil reserves (Hongda, 2011, p. 45).

However, data shows that when it comes to economics and energy, Iran is not currently of paramount importance to China. Nevertheless, China holds decisive economic significance for Iran. For example, in 2020, 0.32% of China's exports went to Iran, and ۰.۳۸٪ از صادرات چین به ایران (مرکز پژوهش‌های مجلس شورای اسلامی، ۱۴۰۲). (Observatory of Economic Complexity, 2021). In the same year, ۸۴.۴٪ از واردات نفت چین از کشورهای منطقه خلیج فارس، ۳۳.۶٪ از آن نیز از ایران (مرکز پژوهش‌های مجلس شورای اسلامی، ۱۴۰۲) came from China. Also, in 2022, Iran was not among the top 15 countries supplying 93.9% of China's crude oil imports. Similarly, in the same year, Iran was not among China's top 20 trading partners, though China remained Iran's largest trading partner for 10 consecutive years (Workman, 2023). This aspect (economics and energy) may become critical if tensions between the United States and China escalate. If the U.S. decides to cut off supply lines between the region and China, such as through the Arabian Gulf, the Strait of Hormuz, and the Malacca Strait, leading to a successful blockade of China (which has been seriously considered in an official statement by

Michael E. Kurilla, commander of U.S. Central Command (CENTCOM), in his testimony at a congressional hearing on March 23, 2023, stated that the U.S. is concerned about China's growing economic interests (Tofik, 2023, p. 19).

Chinese experts repeatedly emphasized on the importance of the development of connecting infrastructures in the Middle East and their role in integrating the Middle East countries. Many of them believed that developing these infrastructures can deepen integration in this region (Tabatabaei, S. M. and Jiang Bo, S. (2018). Iran is seen as the primary and most suitable gateway for China to access the Middle East, through Central Asia, overland, and then to Africa and Europe. At the same time, Iran, with its current pro-China regime, could act as a buffer zone against U.S. influence in Central Asia (Asisian, 2022, p. 1). Through Iran, China can access vital regions such as the Arabian Sea, the Persian Gulf, the Red Sea, and three of the most important straits in the world for energy security and maritime trade: the Strait of Hormuz, which lies between Iran and Oman and is the world's most important waterway for oil transit; the Bab el-Mandeb Strait; and the Suez Canal (U.S. Energy Information Administration, 2019). Iran is also critically important for China's Belt and Road Initiative (BRI) because it can connect various components of China's larger project aimed at institutionalizing a multipolar global order. Iran serves as the most suitable gateway for China to establish its foothold in the Middle East while countering U.S. influence in the ongoing competition between major powers (Harold & Nader, 2012, p. 1-2).

At the same time, strengthening Iran's position in its confrontation with the United States could ensure that the U.S. remains focused on the Middle East, preventing it from concentrating fully on East Asia, where China's main interests lie. This makes Iran extremely important for China (Stanzel, 2022, p. 17). As Iran needs China to revive its economy and break free from international isolation, China can make many economic and political deals that serve its own interests. As an energy-rich country offering a large market, Iran holds significant geopolitical importance. In a situation where Iran is forced to sign agreements with China, China will still gain considerable benefits. This explains why some in Iran perceive this situation as one where China is exploiting Iran (Holmquist & Englund, 2023, p. 11).

Iran occupies a strategically significant position in China's broader economic strategy, particularly within the framework of the





### Figure (2): Iran's Oil Exports to China from 2018 to 2023

Trade between Tehran and Beijing has experienced fluctuations in five distinct phases since the 1979 Revolution. From \$944 million in 1992, it surged to \$66 billion in 2014 (adjusted for inflation in ۲۰۲۳).<sup>۱</sup> However, according to Chinese government statistics, economic relations declined between 2015 and 2022. The global price of oil decreased, resulting in a decline in Iran's oil product revenues. After the reimposition of U.S. sanctions in 2018, Beijing began reporting incomplete imports of Iranian oil to avoid U.S. sanctions on third parties engaging in trade with Iran, thus skewing government import data. Since 2019, the Chinese market has become a key instrument for generating much-needed currency and circumventing U.S. sanctions.

According to a report from the *United Against Nuclear Iran* (UANI), a New York-based policy group, between January and May ۲۰۲۳, Chinese companies purchased Iranian oil—often through intermediaries in Malaysia and the United Arab Emirates—to avoid U.S. sanctions. They bought Iranian oil at significantly reduced rates, reportedly about 40% below market prices in early ۲۰۲۳ (UANI, ۲۰۲۳).

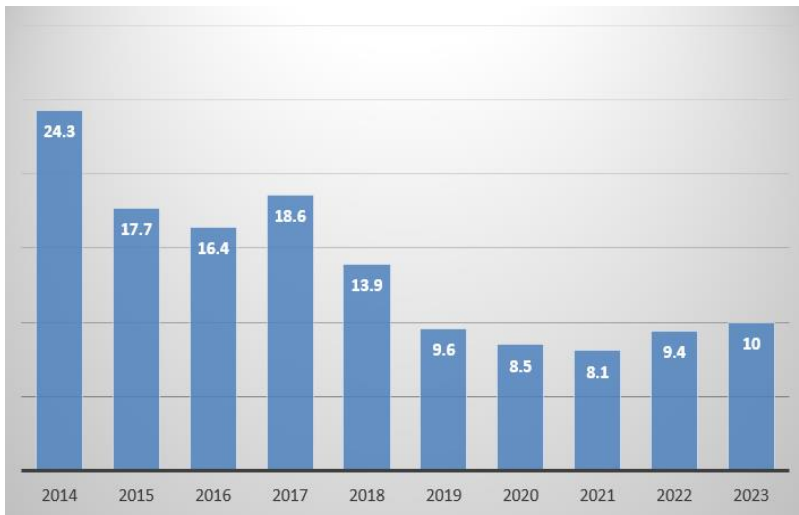
#### ۳-۱-۲. ایران و چین: روابط اقتصادی

As one of China's main suppliers of oil and gas, Iran was able to maintain its oil revenues by expanding its energy relations with China, especially during the trade war. China, on the other hand, used the purchase of Iranian oil as a strategy to reduce its dependence on U.S. energy sources.

The economic relations between Iran and China focus on three key areas: international trade of goods, Iranian oil exports to China, and Chinese investment in Iran. A closer look at trade between the two countries reveals some interesting patterns. While China's exports to Iran have helped Iran find alternatives to goods that would have been supplied by Western countries in the absence of sanctions, Iranian imports of Chinese goods have significantly decreased since the reimposition of economic sanctions in 2018, following the U.S. withdrawal from the nuclear deal in May of that year.

In 2023, Chinese exports to Iran reached \$10 billion (see Figure ۱),<sup>۲</sup> representing a significant increase from the period ۲۰۱۹-۲۰۲۳.

However, this is still 30% less than 2018, when Chinese exports to Iran amounted to \$13.9 billion—the year the sanctions were reimposed on Iran. This figure is significantly lower than the peak of \$24.3 billion in 2014. The decrease can be attributed both to the actual reduction in China's exports to Iran and to the rerouting of Chinese exports through third countries due to concerns over secondary U.S. sanctions on China. These concerns led to a substantial decline in China's exports to Iran from the second half of 2018 (Fadlon & Zimmt, 2024).



Source: (COMTRADE, 2023)

**Figure (3): Chinese Exports to Iran from 2019-2023 (Billion Dollars)**

Iran's exports to China are predominantly oil. Data regarding Iran's oil exports to China clearly indicate both an increase in volume and a growing share of Iran's total oil exports to China (see Figure 2). There are two significant trends worth noting:

1- Oil exports to China: Following the COVID-19 crisis, there has been a considerable increase in oil exports to China, surpassing pre-pandemic levels. The volume of oil exports rose from 118 million barrels in 2020 to 441 million barrels in 2023, marking a 350% increase. This indicates that, in 2023, China imported an average of 1.2 million barrels of Iranian oil per day. This trend continued into the first half of 2024, with China importing 1.38 million barrels per day on average.

2- Iran's share of total oil exports to China: Iran's share of total oil exports to China has also increased significantly, rising from 11% in 2020 to 23% in 2023.

dependent on China as its oil market. In 2017, China accounted for just a quarter of Iran's oil exports. However, following the re-imposition of economic sanctions on Iran in late 2018, Iran's oil exports to China dropped from 272 million barrels in 2018 to 170 million barrels in 2019. Despite this, China's share of Iran's total oil exports increased from 37.2% in 2018 to 71.4% in 2019. By ۲۰۲۳, ۸٪. ۹۰٪. ۲۰۲۴. exports to China have significantly increased (Fadlon & Zimmt, ۲۰۲۴).

۳-۲. Cooperation

**Cooperation**

۳-۲-۱. Strengthening

**Strengthening**

Another key area of Iran-China cooperation is the massive *Belt and Road* initiative, which China views as a global infrastructure project. Iran, strategically positioned along this route, has leveraged China's investment and trade opportunities. The *Belt and Road* initiative, introduced by Chinese President Xi Jinping in 2013, aims to reconstruct historical trade routes and create new pathways to enhance global trade and cultural exchanges. This project represents a significant opportunity for bilateral cooperation, particularly in areas with a high demand for infrastructure development, such as Iran. Since 2018, Iran's involvement in the *Belt and Road* initiative has entered a new phase. One of the main areas of collaboration under this initiative has been investment in infrastructure projects, such as railways, ports, water and electricity, and oil. China has participated in major projects like the development of the Chabahar Port and the construction of railway lines in Iran. Notably, in the energy sector, China has played a vital role as one of the largest buyers of Iranian oil, especially during sanctions. The development of Chabahar Port, a significant gateway for Iran's trade with the outside world, has been a critical project. China has invested in the port and has also acted as a strategic partner for Iran in establishing trade routes to Central Asia and other regions. Strengthening this port is crucial for Iran's trade ambitions (Baldauf, 2020).

۳-۲-۲. Economically, China has increased its trade with the Middle East,

replacing the European Union as the largest trading partner for the

Gulf Cooperation Council (GCC) in 2020. Furthermore, China has now become the largest non-oil trading partner for both Saudi Arabia and the UAE, with the UAE remaining China's second-largest trading partner. China is also negotiating a free trade agreement (FTA) with GCC members. Additionally, China has expanded its investments in the Middle East through the *Belt and Road Initiative*, a vital component of Chinese foreign policy. The Middle East is strategically important for China due to its dependence on energy imports for the *Maritime Silk Road Initiative* (MSRI) component of the *Belt and Road Initiative*. According to a 2021 report, most of China's *Belt and Road* investments targeted the MENA region. By ۲۰۲۲, ۰۰۰۰۰۰۰ ۰۰۰۰۰۰۰۰ ۰۰۰۰۰۰۰۰ ۰۰۰۰۰۰۰ ۰۰۰۰۰ ۲۳%. ۰۰ ۰۰۰۰۰۰۰۰ ۰۰۰۰۰ and *Road* contributions, up from 16.5% the previous year. Key projects include investments in the Red Sea Gate Terminal, a joint venture between China's COSCO shipping ports and Saudi Arabia's Public Investment Fund, and several initiatives in the TEDA zone in Suez. In 2021, Iraq was the largest recipient of China's *Belt and Road* construction funding, with \$10.5 billion allocated for infrastructure projects. China is also seeking to invest \$10 billion in infrastructure projects in the autonomous Kurdish region of Iraq. Iran's comprehensive strategic partnership agreement with China, valued at ۰۴۰۰ ۰۰۰۰۰۰۰۰, ۰۰۰۰۰۰۰۰۰۰ ۰۰۰۰۰ ۱۰%. ۰۰ ۰۰۰۰۰۰۰۰ ۰۰۰۰۰ ۰۰۰۰۰ ۰۰۰۰۰ budget and is pivotal in projects such as the development of Chabahar Port and a new oil terminal near the port (Eslami & Papageorgiou, ۲۰۲۳).

۳-۳. ۰۰-۰۰۰۰۰۰۰۰۰۰ ۰۰۰ ۰۰۰۰۰۰۰۰۰ ۰۰۰۰۰۰۰۰۰

۳-۳-۱. ۰۰۰۰۰۰۰ ۰۰۰۰۰۰۰ ۰۰۰۰۰۰۰۰ ۰۰۰۰۰ ۰۰۰ ۰.۰.

The U.S.-China trade war has increasingly brought China and Iran closer, fostering a strategic alliance to counteract U.S. pressures. Within this framework, Iran has leveraged China's support in international organizations and other global forums to resist U.S. pressure. This collaboration enhances both nations' ability to navigate geopolitical challenges and protect their interests on the global stage.

**Table (1): Indicators for Iran-China cooperation to counter US threats and its impacts**

Political Cooperation	Economic Cooperation	Security Cooperation	Impacts
Opposition to US Unilateralism: Both countries strongly oppose US unilateral	Efforts to Bypass Sanctions: Both countries are working	Joint Military Exercises: Joint military drills between Iran and	Shift in Power Balance: The growing strategic partnership

Political Cooperation	Economic Cooperation	Security Cooperation	Impacts
policies and work to strengthen multilateral order in international forums.	circumvent US sanctions by using alternative mechanisms, including trading in national currencies and establishing financial systems independent of Western systems.	China reflect their shared interest in regional security cooperation.	between China and Iran is contributing to a shift in the regional and global power balance, particularly challenging the dominance of Western powers.
Support for Sovereignty and Non-Intervention: China and Iran emphasise national sovereignty and non-interference in domestic affairs, presenting this as a fundamental principle in international relations.	Increase in Trade Volume: The growth in trade between Iran and China serves as a means to create an alternative market for Iran in the face of US economic pressures.	Mutual Support in International Forums: China and Iran support each other's positions in the United Nations and other international forums, backing each other against political and diplomatic pressures from the US.	Increased Bargaining Power: The deepening cooperation between China and Iran enhances both countries' bargaining power on the international stage, particularly in the face of Western pressure.
Support for Multilateralism: Both countries advocate for strengthening international organisations such as the United Nations and emphasize the necessity of resolving conflicts through diplomacy.	Joint Investments: Joint investments in infrastructure and energy projects help strengthen Iran's economic independence and reduce its reliance on the West.	Opposition to US Military Presence in the Region: Both countries oppose the US military presence in the Middle East, viewing it as a destabilising factor.	Strengthening the Eastern Axis: The growing alignment between China and Iran contributes to a stronger Eastern bloc, countering the influence of Western powers and enhancing regional and global cooperation within the East.

Source: (Author)

Following the U.S. trade war and economic sanctions against Iran, both Iran and China strengthened their cooperation as a strategy to counter U.S. pressures. This cooperation has developed in the political, economic, and security spheres. Politically, both countries oppose U.S. unilateral policies and support multilateralism and strengthening international organizations such as the United Nations. Economically, Iran and China are working to bypass U.S. sanctions by establishing alternative financial mechanisms. Furthermore,

increasing trade volume and joint investments help strengthen Iran's economic independence. In the security domain, conducting joint military exercises and exchanging security information highlights both countries' willingness to collaborate on regional security matters.

These cooperations have had significant impacts. On one hand, U.S. influence in the Middle East has diminished, contributing to the strengthening of a multipolar order in the world. On the other hand, cooperation with China has enhanced Iran's bargaining power in international forums, reducing its vulnerability to U.S. pressures. Additionally, the strengthening of the Eastern bloc against the West has led to substantial geopolitical shifts, altering the balance of power in the Middle East. Ultimately, these collaborations appear set to continue in the future, as the shared interests and similar viewpoints of both countries remain intact.

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China's recent diplomatic initiatives highlight its deepening engagement with the Middle East, underscoring its commitment to expanding economic and strategic ties beyond traditional energy interests. In 2022, China hosted both the first China-Arab States Summit and the first China-Gulf Cooperation Council (GCC) summit, signifying its broader regional ambitions. These diplomatic efforts reflect China's growing role in shaping the Middle East's geopolitical landscape, with implications for global politics, particularly as the country seeks access to vital resources and emerging markets (Legalbusinessonline, 2023).

China's relationship with the Middle East is shaped by its dependence on oil imports from the region and its interest in maintaining regional peace and stability. The Middle Eastern countries, in turn, are increasingly attracted to China's principle of non-interference and its emphasis on mutual, autonomous interests. This stance aligns with the region's desire for greater flexibility in their foreign relations (Tehrantimes, 2023).

One of China's most notable diplomatic successes has been its facilitation of the 2023 Iran-Saudi Arabia agreement, which helped ease tensions and reinforced China's influence in the region. This diplomatic breakthrough supports China's broader foreign policy goals, including promoting oil transactions in yuan and encouraging Iran and Saudi Arabia's interest in rejoining the Joint Comprehensive Plan of Action (JCPOA). Furthermore, China's push for "de-dollarization" remains central to its economic strategy, despite U.S.

concerns that the new agreement could undermine its hegemony (Eslami & Papageorgiou, 2023).

In terms of economic relations, China's trade with Iran is significant, though modest compared to its broader Middle Eastern engagements. In 2023, China's trade with Iran was valued at around ۱۴۶ billion USD, making Iran China's 38th-largest trading partner, while trade with the broader Middle East, including Saudi Arabia, the UAE, and Iraq, reached over \$500 billion in 2022 and 2023 (EIA.gov, 2023). China's investments in the region, particularly in energy infrastructure, ports, and railways, aim to improve trade routes and foster regional economic integration. While Iran remains a key partner for China, especially in energy, its trade volume remains far smaller than that of other regional players like Saudi Arabia, which saw \$107 billion in trade with China in the same period (Tehrantimes, 2023).

Thus, while Iran's cooperation with China holds geopolitical importance, China's broader Middle Eastern strategy is driven by diversified, extensive economic relationships with multiple countries, ensuring energy security and regional stability.

۳-۴. **Western Financial Systems:**

۳-۴-۱. **Western Financial Systems:**

۳-۴-۱. **Western Financial Systems:**

One of the most significant effects of the trade war on Iran and China has been the adoption of new methods to bypass the U.S.-dominated global financial system. Over this period, Iran and China have particularly focused on using their own national currencies (rial and yuan) and developing alternative financial systems such as blockchain and payment networks like "China Pay." This strategy has been especially important in the face of U.S. sanctions.

The efforts by Iran and China to bypass U.S.-dominated financial systems arose from multiple economic and political reasons. Reports suggest that both countries are seeking to strengthen economic relations to reduce dependence on the dollar and Western financial systems. Using national currencies in bilateral trade, which has been seriously considered, has been highlighted as a key strategy. For instance, by increasing trade using local currencies, Iran and China can better resist economic sanctions and avoid U.S. financial pressures. Additionally, developing alternative payment systems is another crucial strategy (Hsiao, 2021, p. 16).

China, through its Cross-Border Interbank Payment System

(CIPS), aims to provide an alternative to SWIFT, which offers particular benefits in facilitating international transactions for its trading partners. This approach could not only help resist sanctions but also strengthen Iran's economy and trade. However, there are still various challenges, such as the lack of widespread acceptance of these systems, that need to be addressed. Ultimately, the use of advanced technologies like blockchain and cryptocurrencies is also expanding to bypass traditional financial institutions and systems. These technologies could prove effective in facilitating financial transactions and reducing time and costs. However, the full impact of these efforts on U.S. sanctions and the economic conditions of both Iran and China requires further research (Yaffe, 2020: 9).

Overall, Iran and China's efforts to bypass U.S.-dominated financial systems could contribute to the emergence of a new multipolar world order and facilitate trade relations between the two countries.

۴. **چالش‌های اقتصادی و سیاسی ایران در مواجهه با تحریمات بین‌المللی: بررسی تطبیقی**

### **and International Developments**

The U.S.-China trade war and intensified sanctions on Iran have reshaped the strategic and economic dynamics between Tehran and Beijing. In April 2025, the U.S. imposed new sanctions targeting Chinese importers of Iranian oil, including a Shandong-based refinery accused of purchasing over \$1 billion in Iranian crude. These measures aim to curtail Iran's oil exports and disrupt its revenue streams, which the U.S. claims fund destabilizing activities. Despite these sanctions, China continues to be Iran's primary oil customer, accounting for approximately 90% of Iran's oil exports in 2024. To circumvent sanctions, Iran employs strategies such as rebranding its oil exports through third countries, allowing continued trade with China despite international restrictions (Reuters, 2025).

Amid the trade war and political pressures, both Iran and China have jointly sought to reduce their reliance on the United States and establish a multipolar world order. In this context, China is especially focused on strengthening its economic and political relationships with countries across Asia, Africa, and the Middle East, aiming to create an economic bloc independent of the U.S. The Belt and Road Initiative (BRI), where China seeks to expand infrastructure and trade networks globally, is a prime example of this policy. Iran, in turn, has worked to reduce the pressures of U.S. sanctions by expanding its relationships with China, Russia, and other non-Western countries,

enhancing its position against sanctions. Both countries view multilateralism as a solution to counter U.S. economic and political dominance. They have expanded their cooperation in international organizations such as the United Nations, Shanghai Cooperation Organization (SCO), and BRICS group to challenge unilateral policies and sanctions from the U.S. Within this framework, both countries aim to reduce dependence on Western-dominated financial systems by utilizing alternatives like CIPS instead of SWIFT and engaging in trade agreements using the yuan and rial. These multilateral models help them overcome pressures from the U.S. in the global economic system and strengthen their relationships with various countries. (Mehr New, 2024; Iran Daily, 2023)

Regionally, Iran and China have sought to establish a mutually beneficial cooperation network, especially in economic and security matters, in the Middle East, Central Asia, and even Africa. This effort is helping to reduce Western influence in these regions and strengthen the Eastern bloc against Western powers. Specifically, the expansion of Iran-China relations after 2018 and the trade war has been viewed as a key strategy to reduce Western influence, particularly that of the U.S., in the Middle East. Both countries, recognizing each other's strengths—Iran's energy resources and China's industrial capabilities—are working to reduce their dependence on Western markets by increasing trade exchanges and joint investments. Long-term cooperation agreements, such as the 25-year agreement in 2021, demonstrate the determination of both countries to develop bilateral relations and create a new model of economic cooperation. Furthermore, the strengthening of Iran-China relations is enhancing political and security cooperation in the region. As a global power, China views Iran as a strategic partner in infrastructure and energy projects, helping Tehran become more resilient to sanctions, while China secures its economic interests through the development of key infrastructure and access to rich energy resources. Through continued cooperation, both countries aim to reduce Western influence in the region and foster a new multipolar global order. These efforts, particularly in the face of current challenges, make their collaboration an important strategy not only for reducing dependence on the West but also for creating stability and sustainable development. (Tasnim News Agency, 2024) (Tehran Times, 2024) (Iran, China Chamber of Commerce, 2024)

## **Conclusion**

The analysis of the impact of the US-China trade war on regional and

international cooperation patterns, especially in the case of Iran-China relations, reveals that the trade war has not only acted as an economic challenge for the US and China but also provided an opportunity to redefine global economic and political relationships. The trade war between these two global powers has led China, as a key player, to expand its influence in various countries, including Iran. These developments signify fundamental changes in the global system, where US hegemony has weakened and China, as an emerging economic and political power, has consolidated its position in the global order. The research hypothesis, based on the theory of hegemonic stability, confirms that the US-China trade war has weakened US hegemony while strengthening China's position in the global system. This shift in hegemony has allowed countries like Iran to expand their relations with China and reduce their dependence on the economic and political pressures from the US. In this context, Iran has strategically leveraged its partnerships with China, particularly in energy, trade, technology, and infrastructure projects, especially through the BRI, to strengthen its position in regional and international transformations.

At the regional level, Iran and China have used the opportunities created by the trade war to deepen their political and economic ties. Faced with US sanctions, Iran has sought economic partnerships with countries under similar pressures. China, as Iran's primary economic partner, has taken advantage of this situation to expand its influence in the Middle East, seeing Iran as a key part of its commercial and infrastructure projects. On the international stage, the US-China trade war has caused various countries, particularly in Central Asia, Africa, and the Middle East, to gravitate towards China and its economic initiatives. This shift in international cooperation patterns has contributed to reducing reliance on the US and strengthening multilateral cooperation. Iran has not only been able to resist US economic pressures but has also expanded its role in a multipolar global space. This process, particularly in dealing with sanctions and economic threats, has allowed Iran to strategically use its relationship with China as a leverage point. Ultimately, the results of this study indicate that the US-China trade war has significantly impacted global power structures, weakened US hegemony while created new opportunities for countries like Iran to enhance their position in the global system through expanded relations with China. In this way, Iran and China, through their collaborations in economic projects and multilateral initiatives, have formed new models of cooperation and regional and global convergence based on the principles of a new

hegemony and reduced dependence on Western powers.

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